GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:627
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Economic Growth
Udasi Shri Shivkumar Chanabasappa

Will the Minister of FINANCE be pleased to state:

(a) the details of performance of the economy during each of the last three years along with the factors responsible for the slow down, sector-wise;
(b) the details of the growth forecast for the current and subsequent years and the changes made therein;
(c) whether the benefits of the economic growth are enjoyed by all the people, not by a specific class only and if so, the details thereof; and
(d) the steps taken by the Government to boost the economic growth and to ensure equal benefits of such growth to all classes of society?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) : The growth rate of Gross Domestic Product (GDP) at constant (2011-12) market prices increased from 5.6 per cent in 2012-13 to 6.6 per cent in 2013-14 and further to 7.2 per cent in 2014-15, indicating that the growth rate of the economy has improved in the last three years. The decline in agricultural growth in 2014-15 was due to the below-normal monsoon rains. Sector-wise growth performance, along with the aggregate GDP growth rate, is given in the following table.

Growth rate in GDP at Constant (2011-12) Market Prices (Per cent)
Sectors 2012-13 2013-14 2014-15
Agriculture, forestry & fishing 1.5 4.2 -0.2
Industry 3.6 5.0 5.9
Services 8.1 7.8 10.3
GVA at basic prices 5.4 6.3 7.1
GDP 5.6 6.6 7.2
Source: CSO.

(b): Assuming a normal monsoon for the year 2015-16, Economic Survey 2014-15, released in February 2015, projected a growth of 8.1 per cent to 8.5 per cent for the current year. Factoring in the potential effects of below-normal rainfall situation, the Mid-Year Economic Analysis of the Ministry of Finance, published in December 2015, observed that real GDP growth in 2015-16 would lie in the range of 7 per cent to 7.5 per cent. As per the advance estimates released by the Central Statistics Office (CSO), the growth rate of GDP at constant (2011-12) market prices is placed at 7.6 per cent in 2015-16. The government has not released any forecast for GDP growth for the subsequent years.

(c) : Class-wise information on growth of income is not available with the Government. As per the CSO's estimates, the per capita income of the country at constant prices, which represents the average income per head, increased from Rs. 65664/- in 2012-13 to Rs. 68867/- in 2013-14 and further to Rs. 72889/- in 2014-15. This is estimated to increase to Rs. 77431/- as per the advance estimates for 2015-16. In addition, the share compensation of employees (including social contributions made by the employer) increased from about 37 per cent of the net value added at current prices in 2011-12 to about 38 per cent in 2014-15, indicating a robust growth of compensation of employees during the period. The corresponding share of operating surplus and the mixed income of the self-employed declined from about 63 per cent to about 62 per cent.

(d) : The Government of India has taken various initiatives to boost the growth of the economy which, inter alia, include; fillip to manufacturing and infrastructure through fiscal incentives and concrete measures for transport, power, and other urban and rural infrastructure; reforms and liberalization of foreign direct investment in major sectors; measures to debottleneck the supply of key raw materials; Skill India and Digital India initiatives; "Make in India" initiative along with the attendant facilitatory measures for a more conducive environment for investment; Start-up India Initiative to boost entrepreneurship and creation of jobs; and, various measures to improve clarity and transparency in economic policy-making. Apart from the above, there are many initiatives of the Government that aim at promoting equitable spread of economic growth across different sections of the society. Some such measures include; financial inclusion though 'Pradhan Mantri Jan Dhan Yojana' which also helps to strengthen banking and insurance services; launching of Micro Units Development and Refinance Agency Ltd. (MUDRA); "Stand Up India Scheme" to promote entrepreneurship among SC/ST and women entrepreneurs; boost to agricultural sector with focus on micro irrigation, watershed development, soil conservation and credit; major initiatives for providing social security to the disadvantaged sections of the society; etc.